

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 NSAE-00
NSCE-00 SSO-00 USIE-00 INRE-00 AGRE-00 CEA-01
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PA-01 CTME-00 AID-05 SS-15 STR-06 ITC-01 TRSE-00
PRS-01 SP-02 SOE-02 OMB-01 DOE-11 /090 W
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FM AMEMBASSY BUDAPEST
TO SECSTATE WASHDC IMMEDIATE 469
AMEMBASSY LONDON IMMEDIATE

C O N F I D E N T I A L BUDAPEST 0327

LONDON FOR DAS LUERS

E.O. 11652: GDS
TAGS: EEWT HU
SUBJECT: SCENARIO FOR TRADE NEGOTIATIONS

REF: STATE 15412

1. THE EMBASSY APPRECIATES THE OPPORTUNITY TO COMMENT ON THE
SCENARIO SUGGESTED BY WASHINGTON AGENCIES IN REFTEL FOR NEGOTIATION OF MFN.

2. WE BELIEVE IT IS HIGHLY DESIRABLE TO START THE NEGOTIATIONS SOON. CONGRESSMAN VANIK, WE UNDERSTAND, HAS SAID THAT IF WE DO NOT COMPLETE THE NEGOTIATIONS BY APPROXIMATELY APR 1, WE RUN A DISTINCT DANGER OF HAVING THE EXTENSION OF MFN DELAYED UNTIL AFTER THE U.S. CONGRESSIONAL ELECTIONS. WORKING BACKWARD FROM THAT DATE, WE WOULD PROPOSE:
--GIVING THE HUNGARIAN GOVERNMENT OUR DRAFT TRADE AGREEMENT APPROXIMATELY FEBRUARY 1. IN ORDER TO DO THIS, WE SUGGEST LIFTING THE PREREQUISITE OF FIRST RESOLVING THE ASSURANCES QUESTION. WHILE WE ARE CONFIDENT THAT THIS QUESTION WILL BE
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RESOLVED, IT MAY TAKE MORE TIME THAN WE ORIGINALLY THOUGHT GIVEN THE NEW SITUATION INTRODUCED IN STATE 15152 AND DISCUSSED SEPTTEL.
--PROPOSING NEGOTIATIONS TWO WEEKS LATER, APPROXIMATELY FEBRUARY 15.
--LEAVING THE POSSIBILITY OPEN FOR A SECOND NEGOTIATING ROUND IF IT IS NEEDED TO BEGIN THE MIDDLE OF MARCH.

--CONCLUDING THE NEGOTIATIONS BEFORE APRIL 1. THIS IS
A TIGHT TIME SCHEDULE, BUT WE WANT TO SATISFY CONGRESS-
MAN VANIK'S NEEDS.

3. WE PREFER BUDAPEST AS THE VENUE FOR THE NEGOTIATIONS
FOR TWO REASONS. FIRST, THE SECRETARY TOLD FONMIN PUJA
JAN 7 THAT THE NEGOTIATIONS WOULD BE CARRIED OUT BY
AMBASSADOR KAISER, I.E. IN BUDAPEST. THE SECRETARY
MADE THIS POSITION PUBLIC IN HIS PRESS CONFERENCE FOLLOWING HIS
MEETING WITH PUJA.

4. SECONDLY, WE BELIEVE THE NEGOTIATIONS WILL PROCEED
MORE QUICKLY IN BUDAPEST AND THAT THE GOH WILL HAVE
MORE NEGOTIATING FLEXIBILITY HERE THAN IN WASHINGTON.
NEGOTIATING IN BUDAPEST WILL ALLOW THE HUNGARIANS TO
CONSULT MORE QUICKLY AND EASILY WITH GOVERNMENTAL LEADERS. THIS
IS PARTICULARLY IMPORTANT IN VIEW OF THE POOR STATE OF
COMMUNICATIONS BETWEEN BUDAPEST AND THE HUNGARIAN EMBASSY
IN WASHINGTON.
KAISER

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